



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 4, 2002

H.R. 1979 **Small Airport Safety, Security, and Air Service** **Improvement Act of 2002**

*As ordered reported by the House Committee on Transportation and Infrastructure on
April 24, 2002*

SUMMARY

H.R. 1979 would allow the Federal Aviation Administration (FAA) to provide some airport operators with grants to construct and equip certain types of control towers. Based on information from the FAA and historical spending patterns for this program, CBO estimates that implementing H.R. 1979 would cost \$47 million over the 2003-2007 period, subject to appropriation of the necessary amounts. H.R. 1979 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 1979 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Public airports that participate in the contract tower program would be required to provide 10 percent of the costs covered under the grant; such costs would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1979 is shown in the following table. For this estimate, we assume that the bill will be enacted near the start of 2003 and that the necessary amounts will be provided each year. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a					
Estimated Authorization Level	1	5	6	7	7
Estimated Outlays	5	13	12	9	8
a. A portion of the estimated outlays would come from contract authority (a mandatory form of budget authority) already provided to FAA under current law. Use of that authority, however, is subject to approval in annual appropriations acts.					

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 1979 would cost \$47 million over the 2003-2007 period, assuming appropriation of the necessary amounts. CBO estimates that providing federal grants for control tower construction would cost about \$22 million over the 2003-2007 period. In addition, CBO estimates that federal assistance for operating these towers would cost an additional \$25 million over this period.

Control Towers

H.R. 1979 would authorize the FAA to provide grants to airport operators to construct and equip control towers. Such grants could be no more than \$1.1 million per tower. Based on information from the FAA and the American Association of Airport Executives, CBO estimates that the FAA would provide grants for about 20 control towers over the next five years. Under the bill, grants would be made from the Airport Improvement Program (AIP), which is funded with contract authority (a mandatory form of budget authority) through 2003. H.R. 1979 would not increase the total amount of contract authority available to the Airport Improvement Program. Expenditures from AIP contract authority are governed by obligation limitations contained in annual appropriation acts, and are considered discretionary spending. Assuming appropriation acts increase the obligation limitation for this program by the necessary amounts, CBO estimates that implementing this provision of H.R. 1979 would cost about \$22 million over the 2003-2007 period.

Operation of Control Towers

Additional towers constructed under the bill would be eligible to participate in the FAA's Contract Tower program. Under that program, the FAA shares the cost of operating towers

with airport operators. The FAA spends an average of \$350,000 a year to support each contract tower in this program. CBO estimates that supporting 20 additional towers would cost about \$7 million a year. Because the FAA would incur operating costs only after the towers are constructed and equipped, CBO estimates that the FAA would spend about \$25 million over the 2003-2007 period to support additional towers, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1979 contains no intergovernmental or private-sector mandates as defined in UMRA. Public airports that participate in the contract tower program would be required to provide 10 percent of the costs covered under the grant; such costs would be incurred voluntarily.

PREVIOUS CBO ESTIMATE

On September 4, 2001, CBO transmitted a cost estimate of S. 633, the Aviation Delay Prevention Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on August 2, 2001. S. 633 has provisions similar to the grants program that would be authorized by H.R. 1979, and CBO estimates that the cost of this grant program would be the same under both bills.

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